

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

COME-00 EB-07 LAB-04 SIL-01 /072 W

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R 261523Z FEB 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9333

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: PGOV. OINT, EGEN, UK

SUBJECT: LEFT-WING ATTACKS ON SPENDING CUTS DEFEATED

REF: LONDON 2788

SUMMARY - THE GOVERNMENT, WITH THE SOLID SUPOORT OF THE  
TUC AND THE MAJORITY OF THE PARLIAMENTARY LABOR PARTY  
(PLO). TURNED BACK LEFT-WING EFFORTS IN SEVERAL FORA TO  
FORCE REVISION OF ITS PROPOSED CUTS IN GOVERNMENT SPEND-  
ING. THE LEFT HAS NOW VENTED ITS SPLEEN AND NO DOUBT

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FEELS BETTER FOR THE EXPERIENCE, BUT ITS INCIPIENT REBEL-

LION HAS BEEN CONTAINED. THE GOVERNMENT, HOWEVER, IS NOT ENTIRELY OUT OF THE WOODS. TWO DISSIDENT SCOTTISH LABOR PARTY (SLP) MPS HAVE ANNOUNCED THEY WILL NOT SUPPORT THE SPENDING CUTS IN PARLIAMENT, AND THEIR VOTES COULD BE PIVOTAL IF THE CONSERVATIVES SHOULD MOUNT A FULL-SCALE ATTEMPT TO DEFEAT THE GOVERNMENT, A CONTINGENCY WE STILL CONSIDER UNLIKELY. END SUMMARY.

1. AT THE BEGINNING OF THE WEEK, THE GOVERNMENT FACED THE PROSPECT OF FOUR POSSIBLE CHALLENGES TO ITS PROPOSED CUTS IN PUBLIC EXPENDITURE (REFTEL). AS WE HAD EXPECTED, THE CHALLENGE IN THE FIRST FORUM, THE LABOR PARTY/TUC LI-AISON COMMITTEE, DID NOT MATERIALIZE. THOUGH THE MATTER WAS DISCUSSED. UNION LEADERS CRITICISED SOME ASPECTS OF THE WHITE PAPER PROPOSALS, AND CHANCELLOR HEALEY PROMISED TO RECONSIDER THE RELATIVE PRIORITIES OF VARIOUS GOVERNMENT PROGRAMS IN THE LIGHT OF THEIR COMMENTS. WITH THE SUCCESSFUL CONCLUSION OF THIS MEETING. THERE WAS LITTLE DOUBT ABOUT THE OUTCOME OF THE OTHERS.

2. THE FEBRUARY 25 MEETING OF THE PARLIAMENTARY LABOR PARTY (PLP) SAW HEALEY DEFENDING THE CUTS IN THE FACE OF STRONG TRIBUNE GROUP ATTACK. HE ARGUED FORCEFULLY THAT THE GOVERNMENT SIMPLY COULD NOT CONTINUE TO INCREASE SPENDING WITHOUT LIMIT, LIVING ON CREDIT, AND THAT THE "GROTESQUE" CHARGES OF THE LEFT-WING WERE DAMAGING TO THE PARTY. A STRONG PLP MAJORITY SUPPORTED HEALEY, ONE RIGHT WING MP OBSERVING THAT SOCIALISM WORKED BEST "WHEN IN HARMONY WITH THE LAWS OF ARITHMETIC." A CHALLENGE AT THE LABOR PARTY'S NATIONAL EXECUTIVE COMMITTEE MEETING THE SAME DAY. WHERE LEFT-WINGERS MOVED THAT A SPECIAL LABOR PARTY CONFERENCE BE CONVENED TO DEBATE THE PROPOSED CUTS, WAS TURNED BACK BY A DECISIVE 16 TO 11 VOTE. ONLY TWO OF THE TWELVE TUC DELEGATES ON THE NEC SUPPORTED THE SPECIAL CONFERENCE MOTION WHICH WAS STRONGLY ENDORSED BY FORMER MINISTERS JOAN LESTOR, JUDITH HART AND ERIC HEFFER. ENERGY SECRETARY BENN WAS THE ONLY CABINET MEMBER TO SUPPORT THE DISSIDENTS.

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3. TUC GENERAL COUNCIL, ALSO MEETING FEBRUARY 25, CLOSED RANKS BEHIND THE WHITE PAPER AND THE GOVERNMENT'S ANTI-INFLATION POLICY WITH A STRONG LEAD FROM TRANSPORT UNION (TGWU) LEADER JACK JONES. HE TOLD HIS COLLEAGUES THAT THE GOVERNMENT HAD AGREED TO RECONSIDER ITS PRIORITIES AS REGARDS. INTER ALIA, EDUCATION AND FOOD SUBSIDIES. AND THE TUC WOULD SEEK ADJUSTMENTS IN THESE AREAS. HE ALSO REITERATED THE OBVIOUS: THE ALTERNATIVE TO THE CURRENT LIMITED OFFICIAL USE

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GOVERNMENT IS ONE LED BY MRS. THATCHER, AND THAT WOULD MEAN EVEN DEEPER SLASHES IN PUBLIC SPENDING AND GREATER

UNEMPLOYMENT. A RESOLUTION CALLING FOR A SPECIAL TUC CONFERENCE TO CONSIDER THE UNEMPLOYMENT SITUATION WAS DEFEATED OVERWHELMINGLY. TUC GENERAL SECRETARY LEN MURRAY LATER DESCRIBED THE OUTCOME AS FOLLOWS: "OUR SUPPORT IS WHOLEHEARTED, BUT NOT UNCRITICAL."

4. COMMENT: AS WE ANTICIPATED, THE SOLID SUPPORT OF THE PLP AND THE TUC LEADERSHIP CONTAINED THE LEFT-WING. WE DO NOT BELIEVE THE TRIBUNE GROUP WILL OPPOSE THE SPENDING CUTS WHEN THE FINANCE BILLS ARE VOTED IN COMMONS IF THERE IS ANY CHANCE THE TORIES MIGHT DEFEAT THE GOVERNMENT. IF THE TORIES DECIDE TO ABSTAIN, HOWEVER, THE TRIBUNITES WOULD SEIZE THE OPPORTUNITY TO ENGAGE IN EMPTY GESTURE POLITICS AND OPPOSE THE GOVERNMENT. WHILE WE BELIEVE THE CONSERVATIVES ARE UNLIKELY TO MOUNT A CONCERTED EFFORT TO DEFEAT THE GOVERNMENT ON THIS ISSUE, THE OUTCOME COULD BE VERY CLOSE IF THEY SHOULD DO SO. THE TWO BREAK-AWAY SLP MEMBERS, SILLARS AND ROBINSON, HAVE PUBLICLY ANNOUNCED THEIR INTENTION NOT TO SUPPORT THE SPENDING CUTS WHEN THEY COME TO A VOTE.

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## Message Attributes

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